



ASSISTANT COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-115398

April 6, 1976



Speaker of the House
President of the Senate

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The purpose of this letter is to report on the status of impounded budget authority amounting to \$600 million authorized for the Department of Housing and Urban Development's (HUD) State Housing Finance and Development Agencies which was proposed for rescission (R76-26) in the President's eighth special message.

The proposed rescission was not agreed to by the Congress and the prescribed 45-day time period ended February 23, 1976. We have confirmed that OMB has apportioned the budget authority to HUD, however, it has not been made available to the program. HUD officials state the release of these funds has been delayed because the regulations to implement the new section 802 housing program have not been developed. HUD expects the new regulations to be completed by the end of May and the budget authority to be fully utilized before September 30, 1976, which is the date the budget authority is due to lapse.

While we have no reason to question the HUD statement that the new regulations will be completed within an adequate time to prudently utilize the impounded budget authority, there was a recent HUD case where they were unable to get program regulations completed in time to prevent the budget authority from lapsing. On June 3, 1975, we informed the Congress of an unreported impoundment of HUD budget authority for the Housing for the Elderly or Handicapped Program. In that instance, HUD officials informed us that they expected the regulations to be developed in time to utilize at least \$34 million of the \$214.5 million budget authority available. Our follow-up report on that case (dated August 6, 1975), however, disclosed

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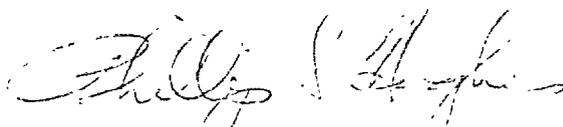
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that the draft regulations were criticized more strongly than HUD expected and, as a result, all 1975 appropriations for this program, including the \$34 million they expected to be able to use, lapsed.

In view of the uncertainty of the regulations process, we plan to monitor the status of the impounded budget authority and, if warranted, report to the Congress at a later date.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Phillip S. Hughes".

Phillip S. Hughes
Assistant Comptroller General